Headquarters U.S. Air Force

Integrity - Service - Excellen

Business Case Analysis

Lt Col Lee Plowden
SAF/AQXA
703-588-7104
Lee.Plowden@pentagon.af.mil

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Overview

- What is a Business Case Analysis (BCA)?
- Structure of a Business Case
- Business Case Example
- How to Market your Business Case
- Tools and Processes
- Summary

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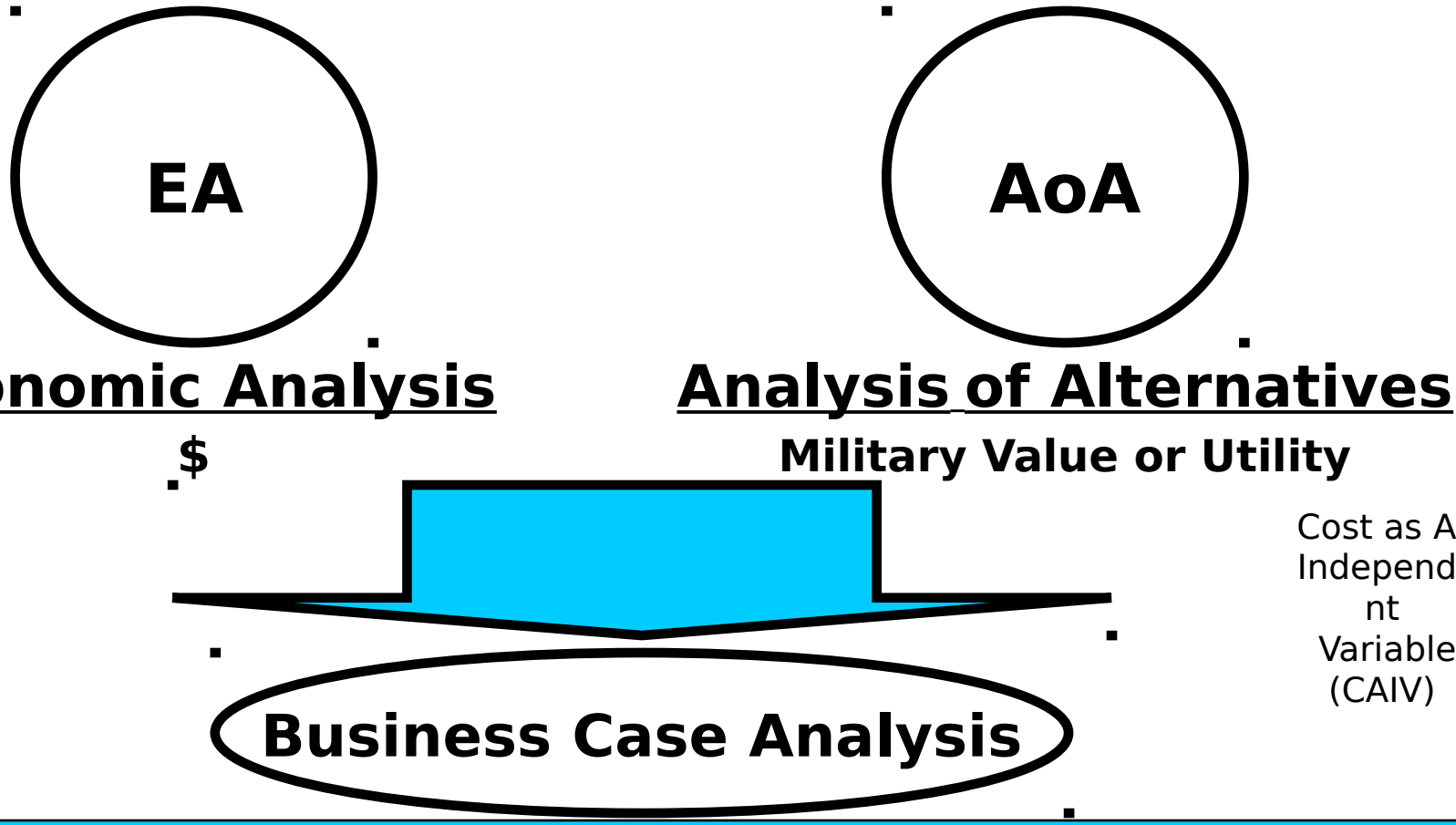
What Is A Business Case?



ethod of Documenting Economic Value of Investments

Structure of a Business Case

What are the Key Components of a Business Case ?

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Commercial Elements

- **Introduction & Overview**
- **Assumptions & Methods**
- **Business Impacts**
- **Sensitivity & Risk Analysis**
- **Conclusions & Recommendations**

DoD Elements

- **Implementation Plan**
- **Investment**
- **Savings**
- **Risk Assessment**
- **Metrics**

Revenue vs Budget

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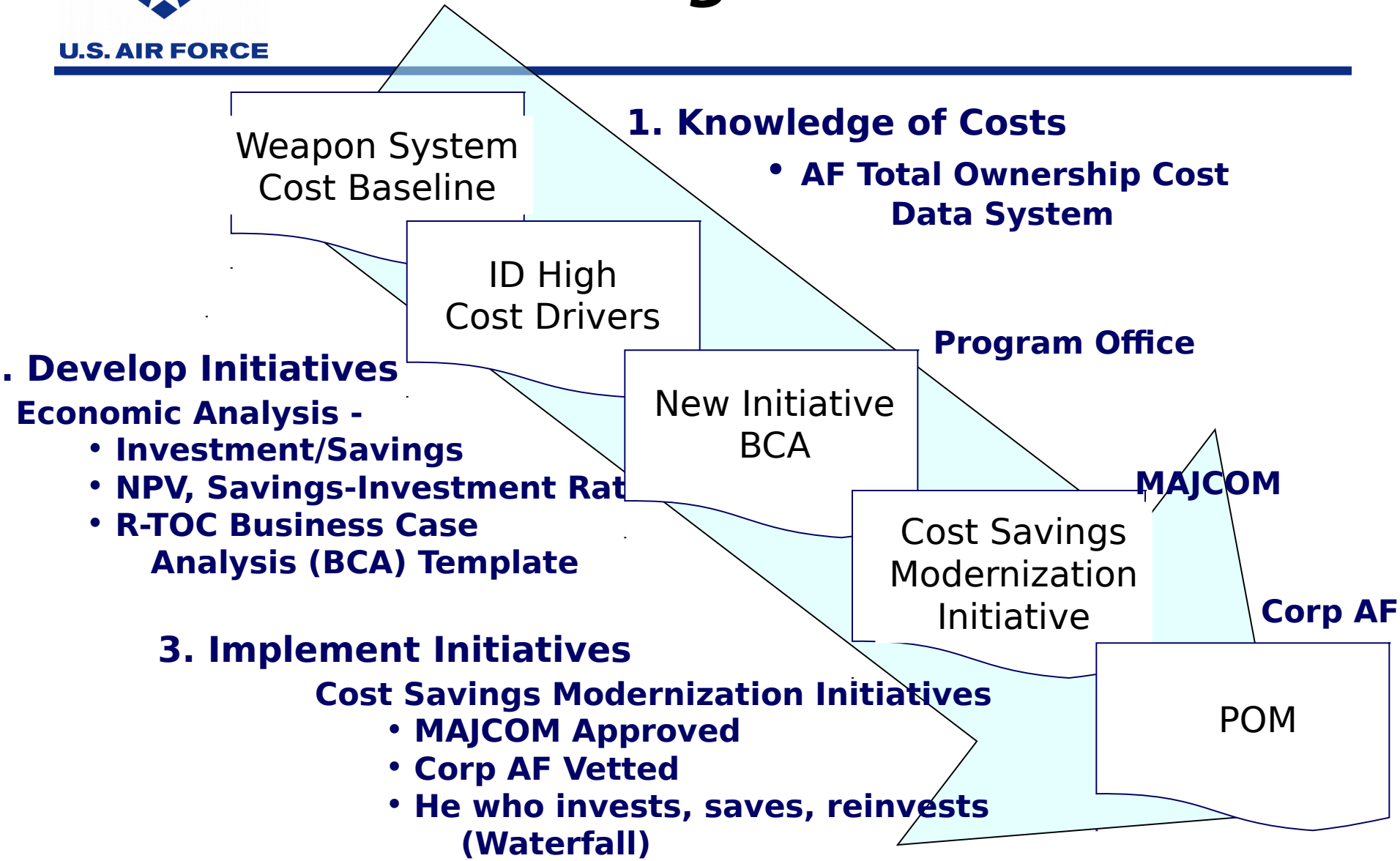
Building a Business Case



AFTOC Product FY00 C-5 "Comb Chart"

Cost Profile in (Then Year) FY 00 $K:	C-5
Baseline Total Ownership Cost (TOC)	$1,339,989

TOTAL OWNERSHIP COST

		% of TOC		FY 2000 Obs (In Thousands)	% of App	% of TOC
RDT&E	50,085	3.7%	WEAPON SYSTEM R&D LINE	50,085	100.0%	3.7%
PROCUREMENT	72,028	5.4%	AIRCRAFT WEAPON SYSTEM	-	0.0%	0.0%
			MODIFICATION	63,167	87.7%	4.7%
			COMMON SUPPORT EQUIPMENT	2,728	3.8%	0.2%
			POST PRODUCTION SUPPORT	-	0.0%	0.0%
			REPLENISHMENT SPARES	-	0.0%	0.0%
			INITIAL SPARES	276	0.4%	0.0%
			OTHER	5,856	8.1%	0.4%
OPERATIONS & MAINTENANCE	946,834	70.7%	CIVILIAN PERSONNEL	132,053	13.9%	9.9%
			DEPOT LEVEL REPAIRABLE (DLR)	230,210	24.3%	17.2%
			CONSUMABLES	66,812	7.1%	5.0%
			AVIATION FUEL	164,937	17.4%	12.3%
			DEPOT MAINTENANCE	211,849	22.4%	15.8%
			SUSTAINING ENGINEERING	9,160	1.0%	0.7%
			SOFTWARE MAINTENANCE	7,657	0.8%	0.6%
			CONTRACT SERVICES	7,874	0.8%	0.6%
			OTHER (EEICs not identified above)	116,282	12.3%	8.7%
MILITARY PERSONNEL	271,043	20.2%	ACTIVE DUTY	202,557	74.7%	15.1%
			AIR FORCE RESERVE	48,516	17.9%	3.6%
			AIR NATIONAL GUARD	19,970	7.4%	1.5%

1 Cost Driver

2 Cost Driver

	FY 2000 Obligations $$$ (In Thousands)	% of Category
PAY & ALLOWANCE (EEIC 39X)	131,709	99.7%
OTHER ALLOWANCES (EEIC 38X)	344	0.3%
FOREIGN NATIONAL PAY (EEIC 51X)	-	0.0%
DLR-FLYING (EEIC 644)	230,176	100.0%
DLR-NON-FLYING (EEIC 645)	34	0.0%
SYSTEMS SUPPORT (EEIC 60502 & 60507)	-	0.0%
GENERAL SUPPORT (EEIC 60902 & 60907)	66,812	100.0%
SPECIAL AVFUELS (EEIC 690)	-	0.0%
AVIATION POL VARIANCES-AFRES (EEIC 691)	-	0.0%
AVIATION FUEL COSTS (EEIC 699)	164,937	100.0%
AIRCRAFT MAINTENANCE (EEIC 541)	104,659	49.4%
MISSILE MAINTENANCE (EEIC 542)	-	0.0%
ENGINE MAINTENANCE (EEIC 543)	107,166	50.6%
OTHER MAJOR ITEM MAINTENANCE (EEIC 544)	9	0.0%
EXCHANGEABLE ITEM MAINT. (EEIC 545)	15	0.0%
MAINTENANCE BY CONTRACT (EEIC 583)	9,160	100.0%
DEPOT MAINT BUSINESS (EEIC 540)	7,657	100.0%
SPECIFIC SYSTEM -- CLS (EEIC 578)	926	11.8%
INFORMATION TECHNOLOGY (EEIC 582)	628	8.0%
ENGINEERING & TECH SERVICES (EEIC 584)	420	5.3%
CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	0.0%
MISC. CONTRACTUAL SERVICES (EEIC 592)	5,901	74.9%
TDY, LEASED SPACE, RENTALS, COMM, ETC.	116,282	100.0%
0	-	0.0%
MISC. OTHER EEICs	-	0.0%

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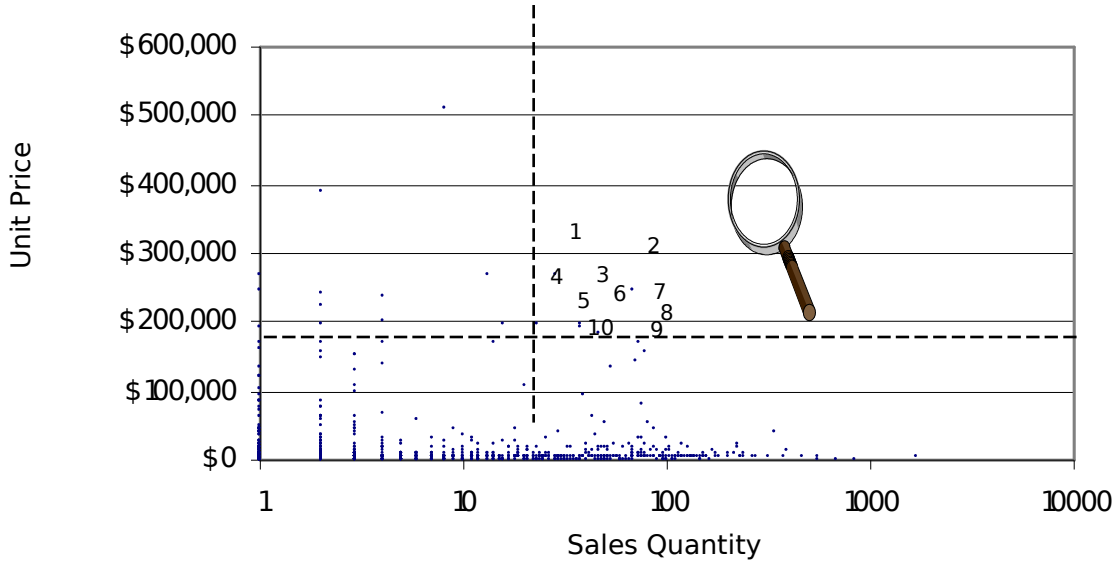
High Cost/High Demand Drivers C-5 A/C Example From AFTOC



- **Examine Upper Right Quadrant for High Leverage Cost Reduction Opportunities**
- **Pursuing 3rd Dimension to correlate w/ maintenance**

Data Point	MD	NSN	Sales Qty	Unit Price	MSD Sales	Noun	End Item
1	C-5	2840014472512	28	$269,277	$7,539,767	ROTOR, COMPRESSOR,	ACFT ENG TF39 2J -TF39
2	C-5	1560004195879	68	$244,114	$16,599,770	THRUST REVERSER, AIR	C-5
3	C-5	2840013205345	38	$195,933	$7,445,454	NOZZLE ASSEMBLY, TUR	TF39 ACFT ENGINE,
4	C-5	2840010723526	23	$195,933	$4,506,459	VANE ASSEMBLY, FAN	TF39 ACFT ENG
5	C-5	2840012025327	37	$190,432	$7,045,970	CASE AND VANE ASSEMBLY	ACFT ENG TF39-GE1C
6	C-5	2840011997351	46	$184,445	$8,484,480	ROTOR, FAN, AIRCRAFT	TF39 ACFT ENG
7	C-5	2840014451881	72	$170,216	$12,255,527	NOZZLE ASSEMBLY, TUR	ACFT ENG TF39
8	C-5	2840012039530	77	$158,748	$12,223,624	VANE ASSEMBLY, FAN	ACFT ENG TF39-GE1C
9	C-5	1560006202517	70	$141,993	$9,939,502	COWLING	C-5
10	C-5	2840012163026	53	$134,925	$7,151,009	ROTOR, TURBINE, AIRCRAFT	TF39-GE-1C

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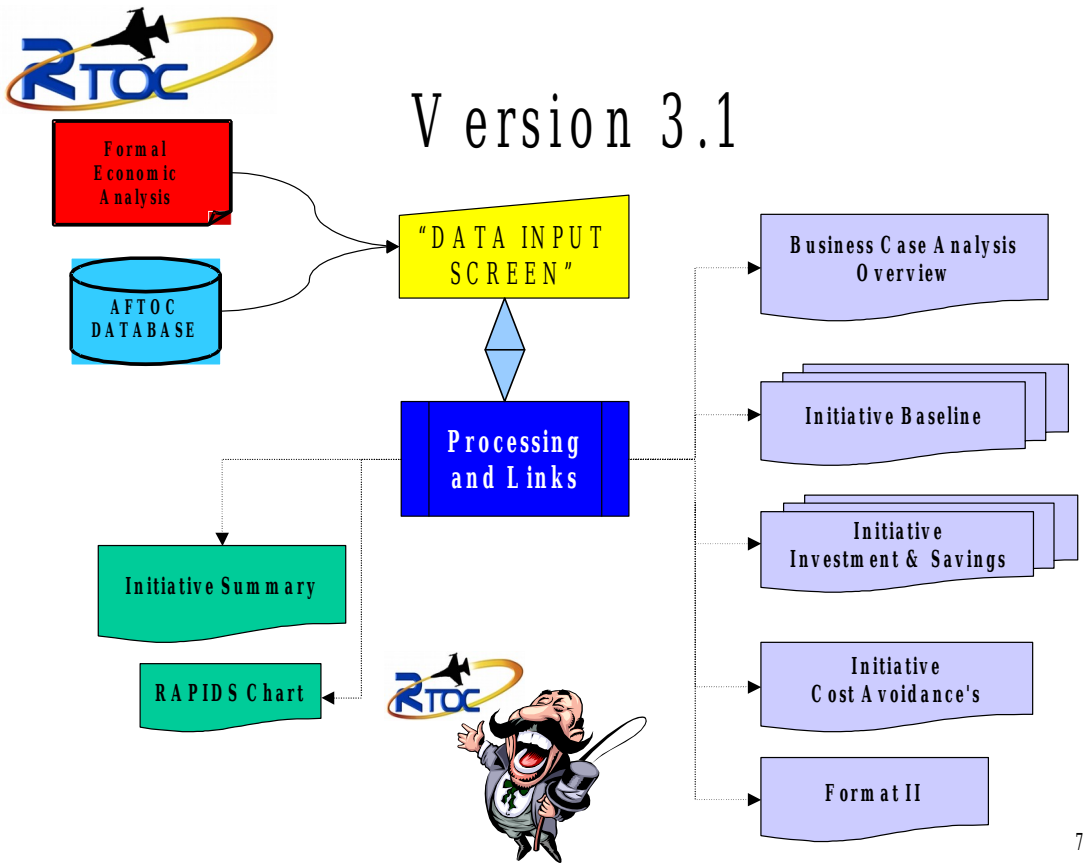
Business Case Analysis



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Historical AFTOC Data Pull

Weapon System	All Weapon System						
Command	All Command						
Appn	All Appn						
Budget Cycle	02 PB						
Program Element Code	All Program Element Code						
Obligations				Fiscal Year			
Level 02	Level 03	Level 04	Level 05	1997	1998	1999	2000
Financial Summary	RDT&E			3,956,499,440.12	4,022,841,464.86	3,350,605,045.47	4,044,988,327.45
	Procurement	Aircraft Weapon System		3,479,117,178.80	3,309,869,426.83	4,698,121,972.54	4,724,189,621.86
		Modifications		1,599,745,574.83	1,426,668,378.87	1,705,248,711.69	1,878,015,955.41
		Common Spt Equipment		172,182,564.70	143,994,828.28	141,658,227.23	152,100,662.30
		Post Production Support		82,203,630.60	45,313,616.48	273,962,483.04	145,544,492.71
		Replenishment Spares		94,673,816.74	56,840,030.45		
		Initial Spares		56,147,368.39	280,331,752.42	504,705,334.14	346,394,615.43
		Other Charges		384,056,569.96	424,112,454.40	394,314,251.24	527,697,917.64
	Procurement Total *			5,868,126,704.02	5,687,130,487.73	7,718,010,979.88	7,773,943,265.35
	O&M	Civilian Perso	EEIC 383**	1,948,542.88	1,826,485.83	874,030.59	297,055.66
			EEIC 384**	2,798,527.41	3,676,876.52	3,486,942.98	2,627,432.00
			EEIC 385**		90.00	299,635.30	333,708.98
			EEIC 386**	27,362.53	25,838.69	22,091.68	27,536.18
			EEIC 391**	6,258,446.67	7,807,034.28	7,022,462.87	7,883,924.64
			EEIC 392**	1,323,916,645.11	1,336,436,999.64	1,363,405,354.82	1,426,419,066.96
			EEIC 393**	316,787,480.35	331,677,763.85	352,654,027.47	381,125,309.85
			EEIC 394**	192,587.49	471,158.10	388,864.40	425,900.15
			EEIC 395**	5,614,255.44	7,003,367.61	7,534,285.50	7,106,121.64
			EEIC 396**	5,785,537.50	6,336,134.91	6,594,831.18	6,908,131.49
			EEIC 397**	101,856.21	47,860.74	39,587.36	55,787.22
			EEIC 511**	1,331,393.05	1,258,668.38	1,285,794.84	1,455,490.39
			EEIC 515**	3,181.59			1,101.67
		Civilian Personnel Total *		1,664,765,816.23	1,696,568,278.55	1,743,607,909.00	1,834,666,566.83
		DLRs	EEIC 644**	1,790,402,678.55	2,241,996,417.76	2,711,758,777.25	2,759,108,985.00
			EEIC 645**	15,374,643.28	30,373,612.28	19,267,341.82	25,548,680.59
		DLRs Total *		1,805,777,321.83	2,272,370,030.04	2,731,026,119.07	2,784,657,665.59
		Consumables	EEIC 605**	158,964,489.63	194,599.51	43.60	967,017.46
			EEIC 609**	567,296,754.48	669,553,668.73	745,277,981.75	749,038,329.32
		Consumables Total *		726,261,244.11	669,748,268.24	745,278,025.35	750,005,346.78
		AV Fuel	EEIC 699**	2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00
		AV Fuel Total *		2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00
		Depot Mainter	EEIC 541**	905,314,625.37	1,054,176,250.56	1,093,621,278.39	1,055,408,130.86
			EEIC 543**	425,259,514.13	595,641,045.29	537,550,602.53	477,069,308.72
			EEIC 544**	2,819,428.00	4,265,175.82	2,892,297.00	4,746,542.00
			EEIC 545**	8,223,672.00	5,370,157.00	9,512,768.00	8,771,974.00
		Depot Maintenance Total *		1,341,617,239.50	1,659,452,628.67	1,643,576,945.92	1,545,995,955.58

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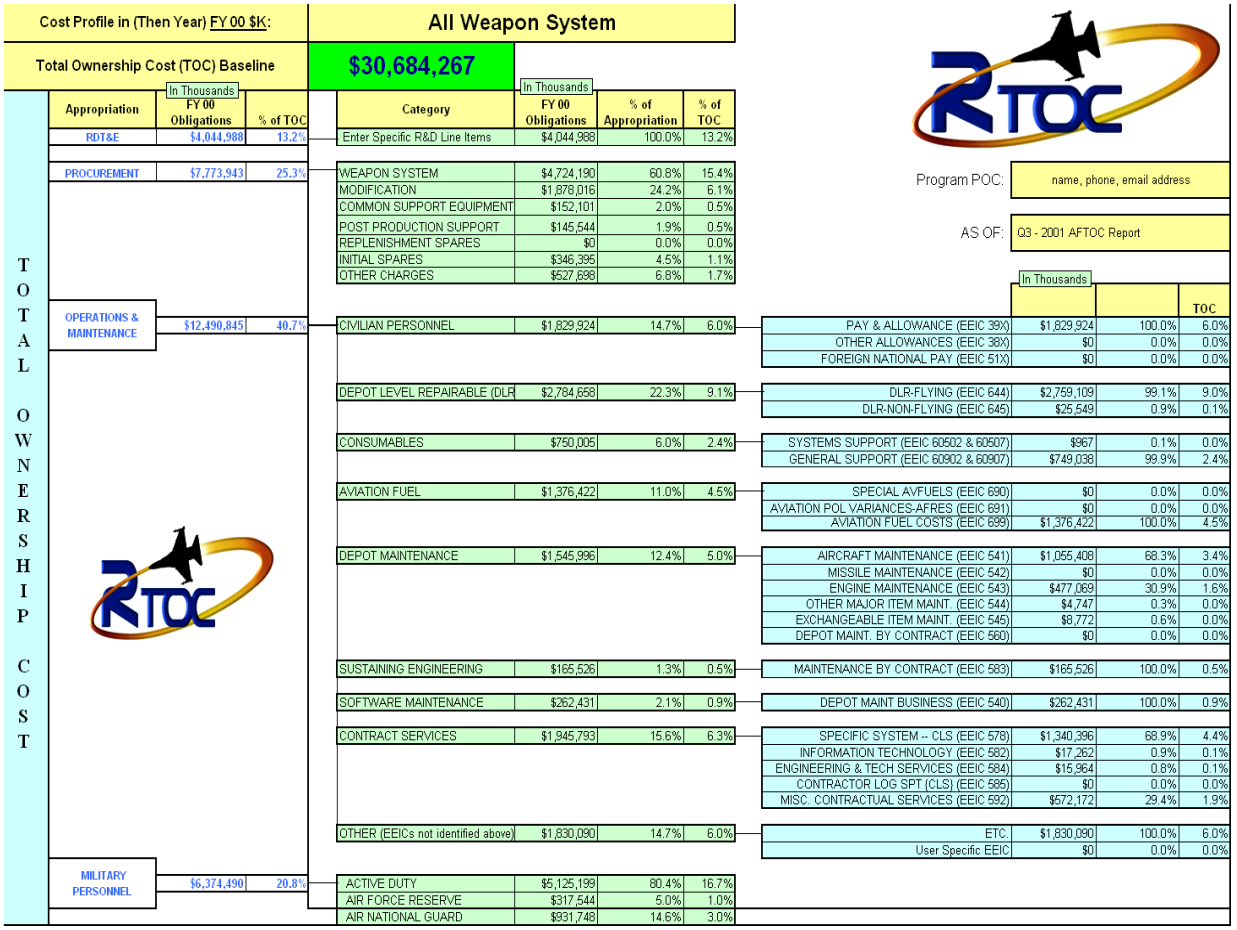
The Comb Chart



Cost Profile in (Then Year) FY 00 $K:	All Weapon System
Total Ownership Cost (TOC) Baseline	$30,684,267

TOTAL OWNERSHIP COST

Appropriation	In Thousands FY 00 Obligations	% of TOC
RDT&E	$4,044,988	13.2%
PROCUREMENT	$7,773,943	25.3%
OPERATIONS & MAINTENANCE	$12,490,845	40.7%
MILITARY PERSONNEL	$6,374,490	20.8%

Category	In Thousands FY 00 Obligations	% of Appropriation	% of TOC
Enter Specific R&D Line Items	$4,044,988	100.0%	13.2%
WEAPON SYSTEM	$4,724,190	60.8%	15.4%
MODIFICATION	$1,878,016	24.2%	6.1%
COMMON SUPPORT EQUIPMENT	$152,101	2.0%	0.5%
POST PRODUCTION SUPPORT	$145,544	1.9%	0.5%
REPLENISHMENT SPARES	$0	0.0%	0.0%
INITIAL SPARES	$346,395	4.5%	1.1%
OTHER CHARGES	$527,698	6.8%	1.7%
CIVILIAN PERSONNEL	$1,829,924	14.7%	6.0%
DEPOT LEVEL REPAIRABLE (DLR	$2,784,658	22.3%	9.1%
CONSUMABLES	$750,005	6.0%	2.4%
AVIATION FUEL	$1,376,422	11.0%	4.5%
DEPOT MAINTENANCE	$1,545,996	12.4%	5.0%
SUSTAINING ENGINEERING	$165,526	1.3%	0.5%
SOFTWARE MAINTENANCE	$262,431	2.1%	0.9%
CONTRACT SERVICES	$1,945,793	15.6%	6.3%
OTHER (EEICs not identified above)	$1,830,090	14.7%	6.0%
ACTIVE DUTY	$5,125,199	80.4%	16.7%
AIR FORCE RESERVE	$317,544	5.0%	1.0%
AIR NATIONAL GUARD	$931,748	14.6%	3.0%

	In Thousands		TOC
PAY & ALLOWANCE (EEIC 39X)	$1,829,924	100.0%	6.0%
OTHER ALLOWANCES (EEIC 38X)	$0	0.0%	0.0%
FOREIGN NATIONAL PAY (EEIC 51X)	$0	0.0%	0.0%
DLR-FLYING (EEIC 644)	$2,759,109	99.1%	9.0%
DLR-NON-FLYING (EEIC 645)	$25,549	0.9%	0.1%
SYSTEMS SUPPORT (EEIC 60502 & 60507)	$967	0.1%	0.0%
GENERAL SUPPORT (EEIC 60902 & 60907)	$749,038	99.9%	2.4%
SPECIAL AVFUELS (EEIC 690)	$0	0.0%	0.0%
AVIATION POL VARIANCES-AFRES (EEIC 691)	$0	0.0%	0.0%
AVIATION FUEL COSTS (EEIC 699)	$1,376,422	100.0%	4.5%
AIRCRAFT MAINTENANCE (EEIC 541)	$1,055,408	68.3%	3.4%
MISSILE MAINTENANCE (EEIC 542)	$0	0.0%	0.0%
ENGINE MAINTENANCE (EEIC 543)	$477,069	30.9%	1.6%
OTHER MAJOR ITEM MAINT. (EEIC 544)	$4,747	0.3%	0.0%
EXCHANGEABLE ITEM MAINT. (EEIC 545)	$8,772	0.6%	0.0%
DEPOT MAINT. BY CONTRACT (EEIC 560)	$0	0.0%	0.0%
MAINTENANCE BY CONTRACT (EEIC 583)	$165,526	100.0%	0.5%
DEPOT MAINT BUSINESS (EEIC 540)	$262,431	100.0%	0.9%
SPECIFIC SYSTEM -- CLS (EEIC 578)	$1,340,396	68.9%	4.4%
INFORMATION TECHNOLOGY (EEIC 582)	$17,262	0.9%	0.1%
ENGINEERING & TECH SERVICES (EEIC 584)	$15,964	0.8%	0.1%
CONTRACTOR LOG SPT (CLS) (EEIC 585)	$0	0.0%	0.0%
MISC. CONTRACTUAL SERVICES (EEIC 592)	$572,172	29.4%	1.9%
ETC	$1,830,090	100.0%	6.0%
User Specific EEIC	$0	0.0%	0.0%

Program POC: name, phone, email address

AS OF: Q3 - 2001 AFTOC Report

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Weapon System Baseline

c-130 spo — WEAPON SYSTEM BASELINE

Program Office:	c-130 spo	AFTOC Data Sources Used:	
Program POC:	name, phone, email address	WSC:	c-130 spo
Financial Year:	Data in ("THEN YEAR") Dollars {$K}:	OACs	ALL
AS OF:	Q4 - 2000	PECs:	ALL

	Obligations			Current BA	Budget Authority from the most recent President's Budget					
TITLE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
RDT&E	4,187	11,959	16,928	-	117,106	134,816	109,447	87,659	-	-
WEAPON SYSTEM R&D LINE	4,187	11,959	16,928	-	117,106	134,816	109,447	87,659	-	-
PROCUREMENT	240,246	387,639	272,690	-	380,792	506,534	664,359	913,673	-	-
AIRCRAFT WEAPON SYSTEM	73,986	111,503	109,584	-	206,326	253,687	355,908	548,110	-	-
MODIFICATION	128,243	109,762	136,417	-	97,476	183,864	203,376	263,346	-	-
COMMON SUPPORT EQUIPMENT	7,187	7,261	7,433	-	17,187	17,188	42,363	42,967	-	-
POST PRODUCTION SUPPORT	-	-	-	-	1,361	1,362	1,367	1,369	-	-
REPLENISHMENT SPARES	4,257	-	-	-	-	-	-	-	-	-
INITIAL SPARES	14,560	66,428	3,298	-	15,010	26,140	36,324	49,390	-	-
OTHER	12,013	12,685	15,958	-	43,432	24,293	25,021	8,491	-	-
OPERATIONS AND MAINTENANCE	1,292,650	1,245,181	1,431,596	-	1,353,231	1,381,139	1,421,846	1,454,115	-	-
CIVILIAN PERSONNEL	315,367	333,010	356,048	-	414,866	429,414	447,557	461,520	-	-
PAY & ALLOWANCE (EEIC 39X)	313,286	331,818	354,245	-	414,035	428,580	446,912	460,858	-	-
OTHER ALLOWANCES (EEIC 38X)	1,587	662	1,179	-	340	325	119	121	-	-
FOREIGN NATIONAL PAY (EEIC 51X)	494	530	623	-	491	509	526	541	-	-
DEPOT LEVEL REPAIRABLE (DLR)	162,351	209,771	184,017	-	184,813	186,315	193,115	199,899	-	-
DLR-FLYING (EEIC 644)	156,394	205,762	182,747	-	177,100	180,566	185,997	192,630	-	-
DLR-NON-FLYING (EEIC 645)	5,956	4,009	1,270	-	7,713	5,749	7,118	7,268	-	-
CONSUMABLES	81,720	93,512	87,105	-	87,620	90,911	90,815	91,333	-	-
SYSTEMS SUPPORT (EEIC 60502 & 60507)	35	-	1	-	333	338	345	352	-	-
GENERAL SUPPORT (EEIC 60902 & 60907)	81,685	93,512	87,104	-	87,287	90,574	90,471	90,982	-	-
AVIATION FUEL	205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-
SPECIAL AVFUELS (EEIC 690)	-	-	-	-	-	-	-	-	-	-
AVIATION POL VARIANCES-AFRES (EEIC 691)	-	-	-	-	-	-	-	-	-	-
AVIATION FUEL COSTS (EEIC 699)	205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-
DEPOT MAINTENANCE	181,293	210,570	212,241	-	224,861	241,905	247,771	250,198	-	-
AIRCRAFT MAINTENANCE (EEIC 541)	103,867	110,631	119,229	-	123,868	136,501	141,325	143,394	-	-
MISSILE MAINTENANCE (EEIC 542)	-	-	-	-	-	-	-	-	-	-
ENGINE MAINTENANCE (EEIC 543)	76,978	98,476	91,411	-	98,379	102,732	103,691	104,094	-	-
OTHER MAJOR ITEM MAINTENANCE (EEIC 544)	93	530	843	-	1,794	1,836	1,897	1,827	-	-
EXCHANGEABLE ITEM MAINT. (EEIC 545)	356	934	758	-	820	835	857	883	-	-
SUSTAINING ENGINEERING	11,459	9,782	8,371	-	10,263	10,532	13,380	14,602	-	-
MAINTENANCE BY CONTRACT (EEIC 583)	11,459	9,782	8,371	-	10,263	10,532	13,380	14,602	-	-
SOFTWARE MAINTENANCE	23,722	36,082	32,164	-	34,147	35,335	35,867	35,668	-	-
DEPOT MAINT BUSINESS (EEIC 540)	23,722	36,082	32,164	-	34,147	35,335	35,867	35,668	-	-
CONTRACT SERVICES	156,170	184,808	248,335	-	132,406	126,657	131,805	136,061	-	-
SPECIFIC SYSTEM -- CLS (EEIC 578)	18,991	20,210	84,880	-	26,897	22,414	22,589	22,810	-	-
INFORMATION TECHNOLOGY (EEIC 582)	1,530	1,945	504	-	3,261	3,428	3,497	3,567	-	-
ENGINEERING & TECH SERVICES (EEIC 584)	609	861	863	-	1,456	1,473	1,495	1,517	-	-
CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	2,155	-	-	489	953	811	974	-	-
MISC. CONTRACTUAL SERVICES (EEIC 592)	135,041	159,637	162,088	-	100,283	98,390	103,413	107,194	-	-
OTHER (EEICs not identified above)	155,083	131,324	121,537	-	120,934	121,468	121,557	122,432	-	-
TDY, LEASED SPACE, RENTALS, COMM, ETC.	155,083	131,324	121,537	-	120,934	121,468	121,557	122,432	-	-
	-	-	-	-	-	-	-	-	-	-
MISC. OTHER EEICs	-	-	-	-	-	-	-	-	-	-
BASELINE COST	1,537,083	1,564,779	1,721,214	-	1,851,129	2,022,488	2,195,652	2,455,447	-	-
MILITARY PERSONNEL	678,596	717,880	778,668	-	832,431	856,579	884,417	910,549	-	-
ACTIVE DUTY	428,682	424,700	460,777	-	491,645	507,338	523,087	544,893	-	-
AIR FORCE RESERVE	79,222	81,153	88,210	-	113,501	115,957	117,597	119,524	-	-
AIR NATIONAL GUARD	170,691	212,027	229,681	-	227,286	233,284	243,733	246,131	-	-
BASELINE COST w/ Mil Pers	2,215,679	2,282,659	2,499,882	-	2,683,560	2,879,067	3,080,069	3,365,996	-	-

U.S. AIR FORCE

Initiative Summary

Air Force R-TOC Program Office

Enter the Proposed Initiative Title

Data in ("THEN YEAR") Dollars {$K}:

Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment				-	-	-	-	-	-	-	-	-		-
Procurement Investment				-	-	-	-	-	-	-	-	-		-
O&M Investment				-	-	-	-	-	-	-	-	-		-
Total Investment				-	-	-	-	-	-	-	-	-		-
Savings				-	-	-	-	-	-	-	-	-		-
Cost Avoidance				-	-	-	-	-	-	-	-	-	-	-
Baseline	-	-	-	-	-	-	-	-	-	-				-

Remarks:	as of:	August 20, 1977	Mike Hayden, mthayden@tasc.com -- michael.hayden@pentagon.af.mil, 703-558-7400 X2826

FY Date	2001

Data in ("CONSTANT YEAR") Dollars {$K}:

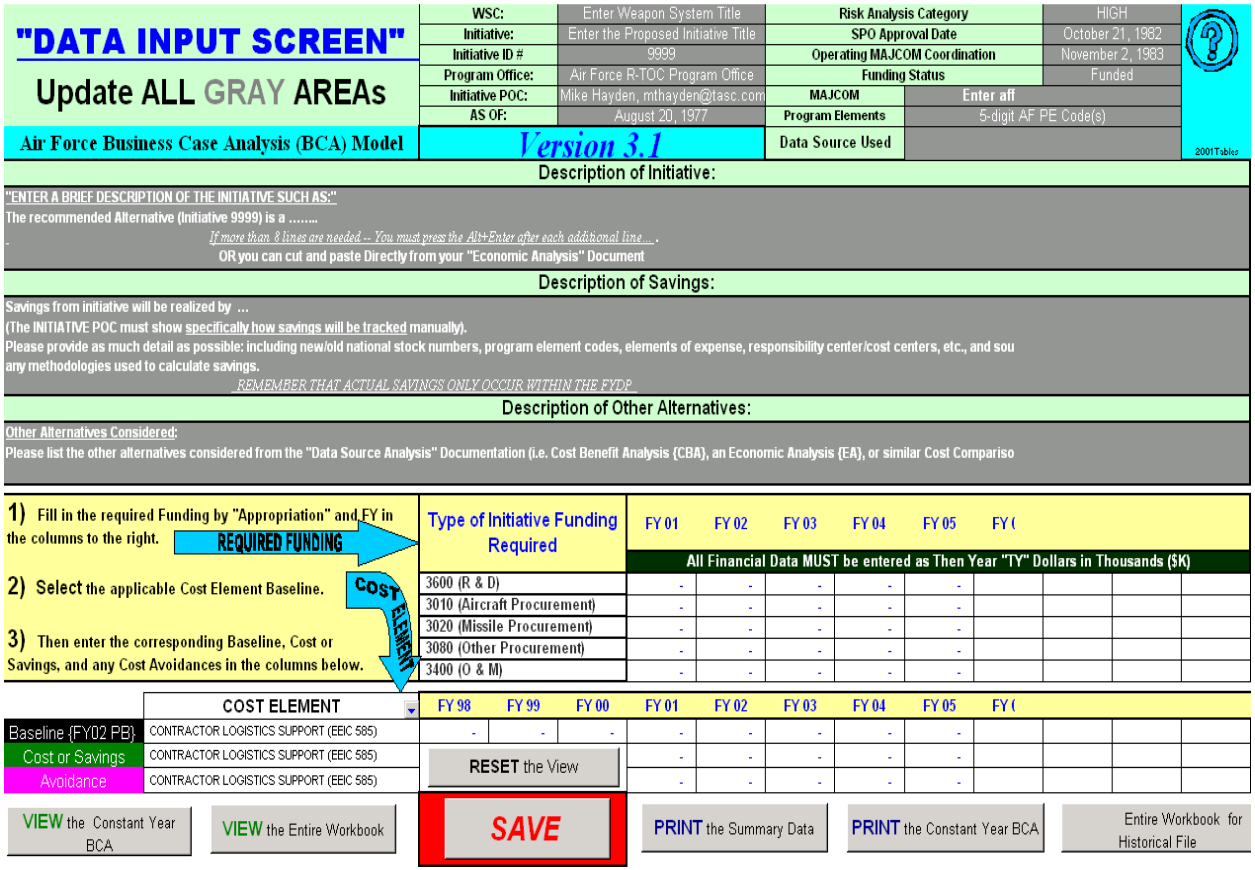
Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment				-	-	-	-	-	-	-	-	-		-
Procurement Investment				-	-	-	-	-	-	-	-	-		-
O&M Investment				-	-	-	-	-	-	-	-	-		-
Total Investment				-	-	-	-	-	-	-	-	-		-
Savings				-	-	-	-	-	-	-	-	-		-
Cost Avoidance				-	-	-	-	-	-	-	-	-	-	-
Baseline	-	-	-	-	-	-	-	-	-	-				-

	Savings Only	Savings+Avoidance
NPV:	$0.0	$0.0
SIR:	N/A	N/A

Risk Analysis Category	HIGH	SPO Approval Date:	October 21, 1982
Operating MAJCOM Coordination	November 2, 1983	Funding Status:	Funded

U.S. AIR FORCE

Data Input Screen



"DATA INPUT SCREEN"

Update ALL GRAY AREAs

Air Force Business Case Analysis (BCA) Model

WSC:	Enter Weapon System Title	Risk Analysis Category		HIGH
Initiative:	Enter the Proposed Initiative Title	SPO Approval Date		October 21, 1982
Initiative ID #	9999	Operating MAJCOM Coordination		November 2, 1983
Program Office:	Air Force R-TOC Program Office	Funding Status		Funded
Initiative POC:	Mike Hayden, mthayden@tasc.com	MAJCOM	Enter aff	
AS OF:	August 20, 1977	Program Elements	5-digit AF PE Code(s)	
Version 3.1		Data Source Used		2001Tables

Description of Initiative:

"ENTER A BRIEF DESCRIPTION OF THE INITIATIVE SUCH AS:"
The recommended Alternative (Initiative 9999) is a .....
If more than 8 lines are needed -- You must press the Alt+Enter after each additional line ... .
OR you can cut and paste Directly from your "Economic Analysis" Document

Description of Savings:

Savings from initiative will be realized by ...
(The INITIATIVE POC must show specifically how savings will be tracked manually).
Please provide as much detail as possible: including new/old national stock numbers, program element codes, elements of expense, responsibility center/cost centers, etc., and sou
any methodologies used to calculate savings.
REMEMBER THAT ACTUAL SAVINGS ONLY OCCUR WITHIN THE FYDP.

Description of Other Alternatives:

Other Alternatives Considered:
Please list the other alternatives considered from the "Data Source Analysis" Documentation (i.e. Cost Benefit Analysis (CBA), an Economic Analysis (EA), or similar Cost Compariso

1) Fill in the required Funding by "Appropriation" and FY in the columns to the right. REQUIRED FUNDING

2) Select the applicable Cost Element Baseline. COST ELEMENT

3) Then enter the corresponding Baseline, Cost or Savings, and any Cost Avoidances in the columns below.

Type of Initiative Funding Required	FY 01	FY 02	FY 03	FY 04	FY 05	FY (
	All Financial Data MUST be entered as Then Year "TY" Dollars in Thousands ($K)					
3600 (R & D)	-	-	-	-	-	
3010 (Aircraft Procurement)	-	-	-	-	-	
3020 (Missile Procurement)	-	-	-	-	-	
3080 (Other Procurement)	-	-	-	-	-	
3400 (O & M)	-	-	-	-	-	

	COST ELEMENT	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY (
Baseline (FY02 PB)	CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	-	-	-	-	-	-	-	
Cost or Savings	CONTRACTOR LOGISTICS SUPPORT (EEIC 585)				-	-	-	-	-	
Avoidance	CONTRACTOR LOGISTICS SUPPORT (EEIC 585)				-	-	-	-	-	

RESET the View

VIEW the Constant Year BCA | VIEW the Entire Workbook | SAVE | PRINT the Summary Data | PRINT the Constant Year BCA | Entire Workbook for Historical File

U.S. AIR FORCE

Sample RAPIDS Chart

Enter the Proposed Initiative Title

BACKGROUND

"ENTER A BRIEF DESCRIPTION OF THE INITIATIVE SUCH AS:"
The recommended Alternative (Initiative 9999) is a ……..

ADJUSTMENT

Savings from initiative will be realized by …
(The INITIATIVE POC must show specifically how savings will be tracked manually).

FUNDING ($M):	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CURRENT PROGRAM	0	0	0	0	0	0		
ADJUSTMENT	0	0	0	0	0	0	0	0
Revised PGM TOTAL	0	0	0	0	0	0	0	0

PROCUREMENT	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007

MANPOWER	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
OFFICER						
ENLISTED						
CIVILIAN						

IMPACTS:

CINC IPL: (yes or no) **DPG: (yes or no)** **APPG: (yes or no)** **MAJCOM Ranking #** _____

- Failure to fund this initiative will put this program at risk and will cause an increase of $XXX in Annual O&S Cost
-
-
-
-
-
-

CSMI-NAME OF INITIATIAVE

BACKGROUND:

Initiative (replaces, avoids, upgrades, maintains, increases, decreases, etc --- three line description of the initiative and why it is needed.)

ADJUSTMENT:

Fixes (funds, increases, provides, offsets etc. This will be a two line description of the funding adjustment. Normally MAJCOMs will have one chart for the plus-up and one chart for the saving offset. Offset # minuses)

FUNDING ($M)	02A2I450AN	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	CURRENT PROGRAM	6.1	2.5	7.3	0.0	0.0	0.0
	ADJUSTMENT	43.5	12.4	-5.2	4.4	0.0	0.0
	REVISED PGM TOTAL	49.6	14.9	2.1	4.4	0.0	0.0

PROCUREMENT	FY02	FY03	FY04	FY05	FY06	FY07
Kit Buys	3	0	0	0	0	0
Kit Installs	0	3	0	0	0	0

MANPOWER	FY02	FY03	FY04	FY05	FY06	FY07
OFFICER	0	0	0	0	0	0
ENLISTED	0	0	0	0	0	0
CIVILIAN	0	0	0	0	0	0

IMPACTS:

CINC IPL: (yes or no) DPG: (yes or no) APPG: (yes or no) MAJCOM Ranking: #2 (AC2ISRC)

- Failure to complete puts….. at risk

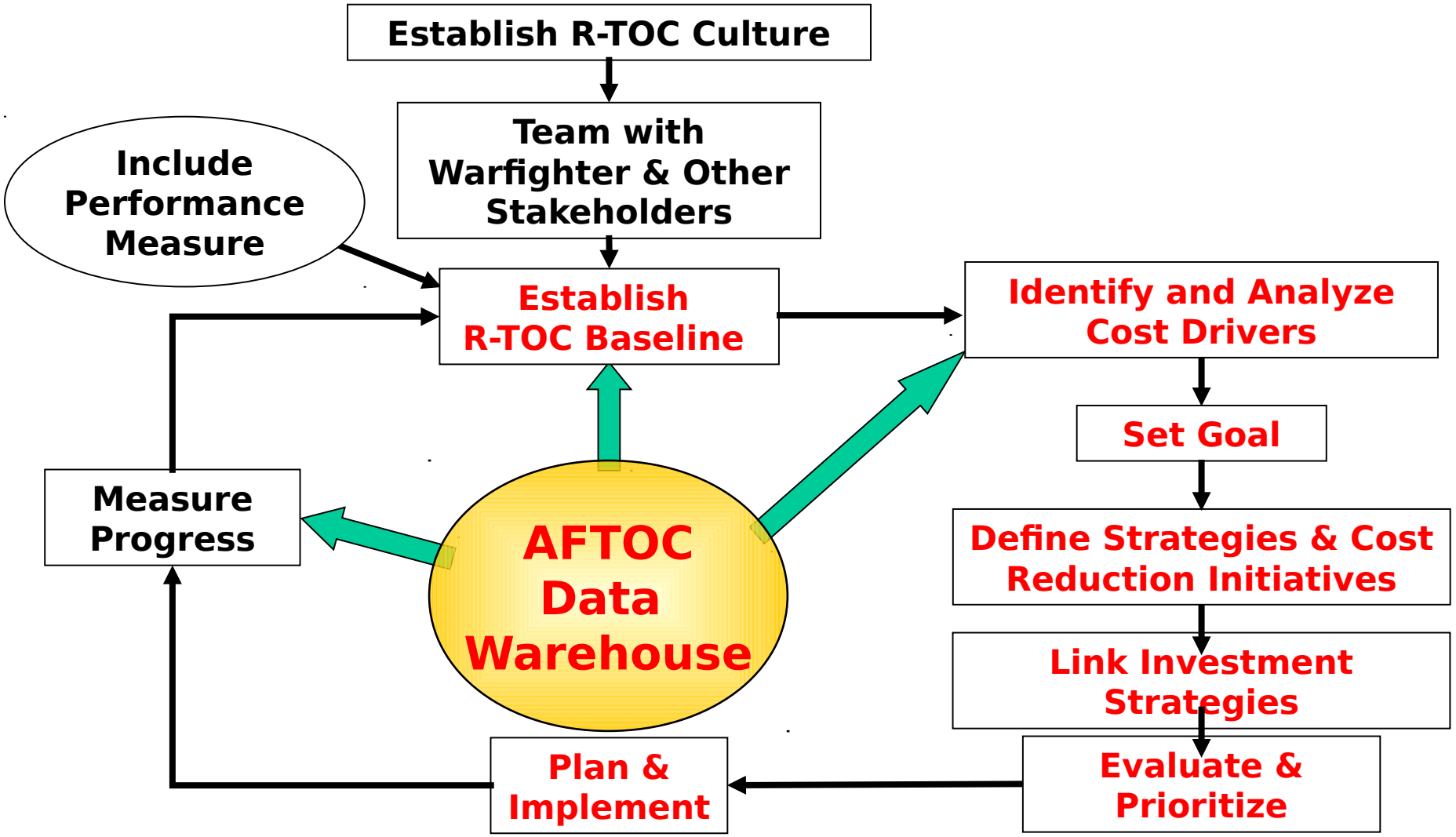
- Full $800M in life cycle costs saved (or avoided); replaces MIL SPEC with COTS, per SECDEF direction

- Increased mission readiness and CINC support; mission aircraft not used as substitute for lack of simulators, mission planning, database build, software development and maintenance

- Eliminates multiple configurations; increases acft availability and standardizes capability; keeps 20% of fleet from becoming logistically unsupportable

U.S. AIR FORCE

R-TOC Process



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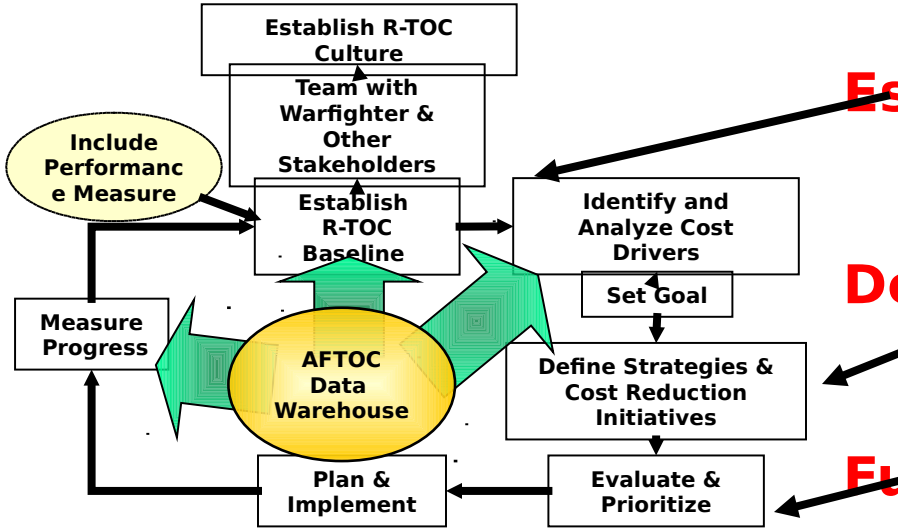
Building an Initiative



Establish R-TOC Baseline
- **ID Cost Drivers**

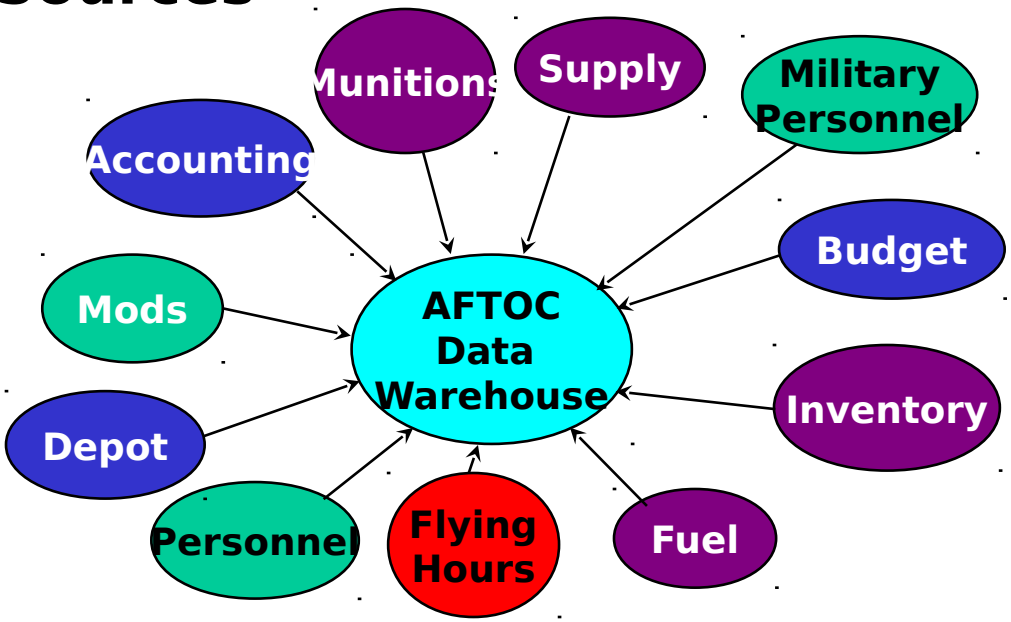
Define Cost Reduction Initiative

Funding

- **Standardized format for documenting and submitting CRIs**
  - **Summary of trade study and economic analysis of alternatives**
  - **Facilitates modernization planning and PPBS**
- **Required Investment and projected savings/avoidances**
- **Calculates standard financial measures of merit - NPV, SIR**

AFTOC

Single Data Repository Combines Numerous AF Legacy Sources



- **Historical Costs From Actual Obligations and Outlays - All Appropriations**
- **Provide Routine, Timely Visibility Into Costs**
- **All Major Weapon Systems to Include Commodities**

A TOOL TO IMPLEMENT R-TOC
"Quicken" for the Air Force

Now You Have A Good Business Case What Are Your Funding Vehicles

1. Service Process
   - AF Warfighting Commands
2. Supplemental Sources
   - Warfighter Rapid Acquisition Process (WRAP)
   - Business Initiative Council (BIC)
   - Advanced Concept Tech Demonstration (ACTD)
   - Reduction in Total Ownership Cost (RTOC)
   - Program Budget Decision (PBD)
   - Investment Programs (Aging A/C, CIP, PRAM)

How to Market Your Business Case?

U.S. AIR FORCE

- Savings vs. Avoidance (In a Budgetary Environment)
- Know Your Audience (AF Corp Structure)
  - Have to Sell to Your Audience
    - R&D Investment vs. O&M “Savings”
  - Assessment of Military Utility or Value
  - Cross Plot and Prioritize
  - Show a Strategy to Keep the “Savings”
    - Waterfall Charts
  - Show Specific Recommendations
  - Drive to Closure

U.S. AIR FORCE

Cost Savings Modernization Initiati

Investment-Reinvestment "Waterfa

			FY 01 PB					
PBD 721	**FY01**	**FY02**	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**Total**
B-1B DTOs								
Investment	1.6	1.3	3.1	0.8	0.0	0.0	0.0	6.8
Savings	-0.9	0.0	0.0	-0.8	-2.2	-2.2	-2.2	-8.3
F-117 (Engine Increased Build)								
Investment	2.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Savings	0.0	-1.5	-2.5	-2.5	-3.5	-3.5	0.0	0.0
KC-135 (Turbine Engine Monitoring System)								
Investment	1.4	1.4	0.0	0.0	0.0	0.0	0.0	2.8
Savings (AFCAIG)	0.0	-2.7	-6.0	-9.7	-10.4	-11.2	-12.5	-52.5
			FY02 POM					
POM Funded Disconnect	**FY02**	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**Total**	
J STARS (Computer Replacement Program)								
Investment		43.5	12.4	15.2	4.4	0.0	0.0	75.5
Cost Avoidance		- 9.1	-21.1	-31.3	-33.4	-24.4	-25.2	-144.5
POM Funded CSMIs								
LANTIRN Slip Ring								
Investment		1.5	1.6	0.0	0.0	0.0	0.0	3.1
Savings (AFCAIG)		-0.8	-2.1	-2.1	-2.1	-2.1	-2.1	-11.3
LANTIRN NESA								
Investment		0.0	0.9	2.5	2.1	0.0	0.0	5.5
Savings (AFCAIG)		0.0	0.0	-1.1	-2.3	-2.9	-2.9	-9.2
Non-AFCAIG Savings		**-1.5**	**-2.5**	**-3.3**	**-5.7**	**-5.7**	**-2.2**	**-20.9**

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Summary

- **A Good Business Case:**
  - **Balance of Cost vs. Utility or "Warfighter" Value**
  - **Articulate Impact of Action vs. Inaction**
  - **Market to Your Audience**
  - **Bring it to Closure – The Ball is in Their Court**

Remember the Golden Rule!

U.S. AIR FORCE

Contact Information

- **Air Force RTOC** www.safaq.rtoc.hq.af.mil
- **Army RTOC** www.saalt.army.mil/armytoc/
- **Navy RTOC** www.ar.navy.mil/index.cfm
- **Air Force AFTOC** https://aftoc.hill.af.mil
- **IDA RTOC** http://rtoc.ida.org
- **Program Management Community of Practice** www.pmcop.dau.mil/pmcop/index.cfm

- **Backup Slides**

U.S. AIR FORCE

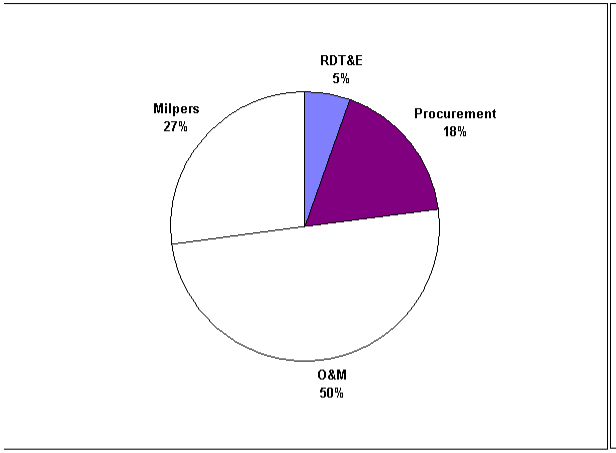
Cost Savings Modernization Initiatives (CSMIs)

- **A trial process undertaken for the purposes of identifying and tracking CRI from inception through the POM to execution -- CORONA tasker**
- **CSMIs: Rapid fielding and payback -- forecast an SIR of at least 1.2, or 120% (in NPV) of the initial investment within the FYDP**
- **CSMIs should be submitted for initiatives with "real savings" vice cost avoidance**
- **ROE: "He who invests, retains savings for reinvestment."**
  - **Self-sustaining funding mechanism**
- **Acceptance and use by the pilots has been good; POM acceptance slow**

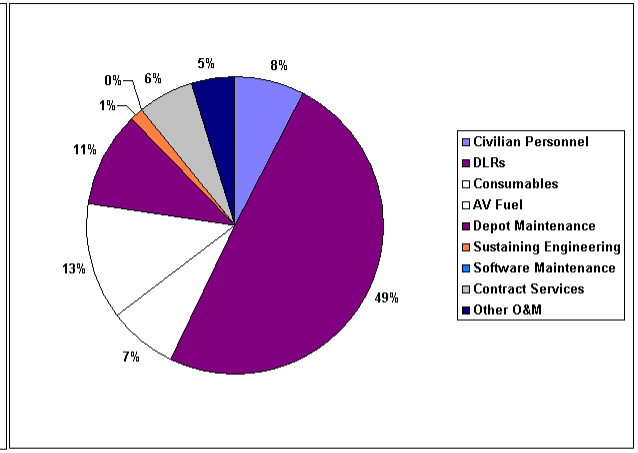
U.S. AIR FORCE

The Pie Charts

FY00 Obligations



F-15	FY00
RDT&E	$164,882,594
Procurement	$527,681,502
O&M	$1,491,400,639
Milpers	$822,194,947
Total	$3,006,159,682

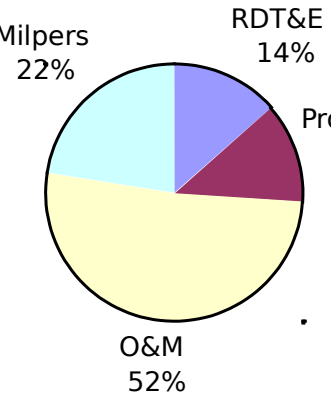


F-15	FY00
Civilian Personnel	$115,586,592
DLRs	$735,210,781
Consumables	$108,378,419
AV Fuel	$191,860,022
Depot Maintenance	$156,637,111
Sustaining Engineering	$20,490,943
Software Maintenance	$710,000
Contract Services	$90,173,262
Other O&M	$72,353,510
Total	$1,491,400,639

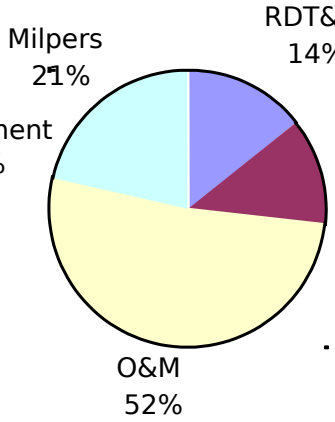
U.S. AIR FORCE

B-1 FY00 Obligations v. BA AFTOC Data

B-1 FY00 Obligations



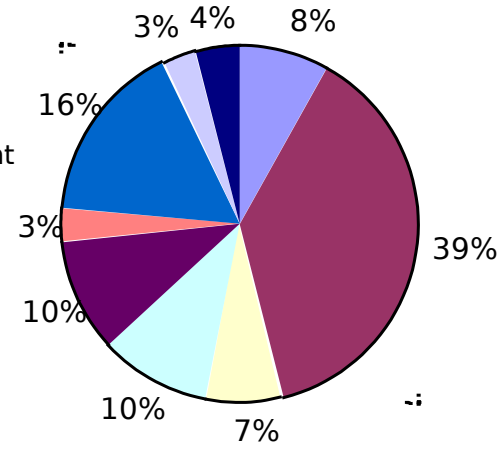
B-1 FY00 Budget Data



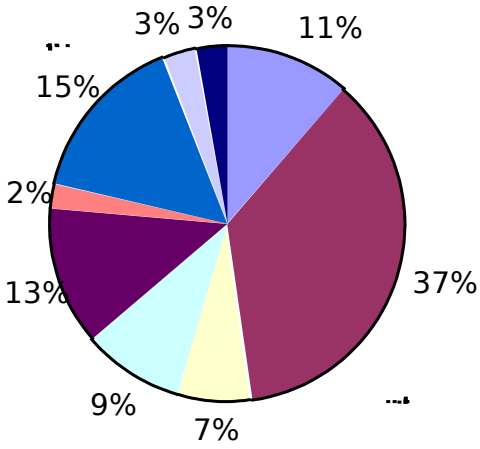
(Obligations) (BA)

B-1	FY00	FY00
RDT&E	$149,374,473	$167,382,566
Procurement	$134,420,571	$150,115,544
O&M	$562,275,136	$607,065,749
Milpers	$245,153,346	$250,907,045
Total	$1,091,223,527	$1,175,470,904

B-1 FY00 Obligations



B-1 FY00 Budget Data



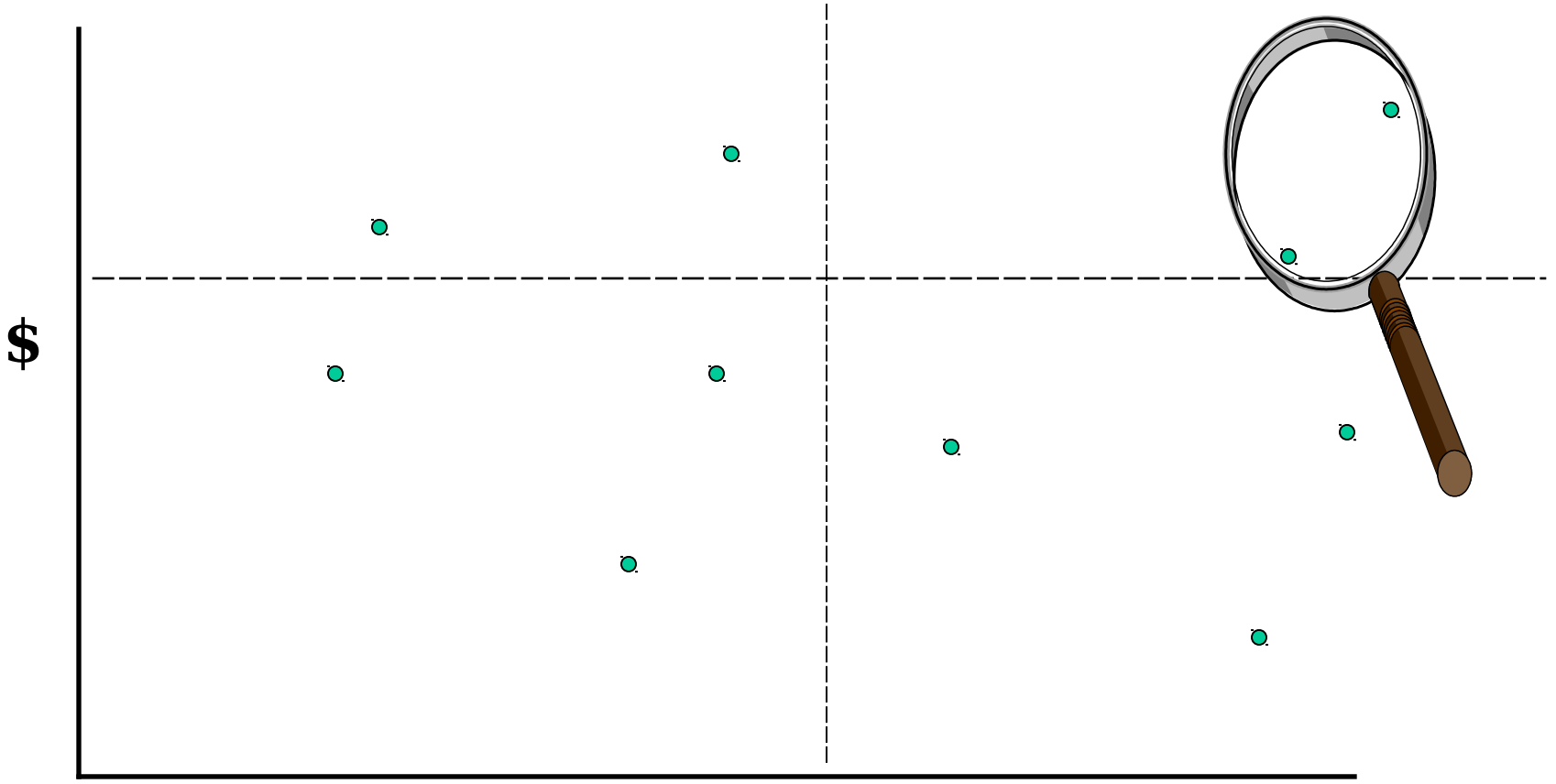
(Obligations) (BA)

B-1	FY00	FY00
Civilian Personnel	$45,814,872	$68,740,400
DLRs	$213,473,821	$221,773,817
Consumables	$39,017,409	$40,146,925
AV Fuel	$55,840,420	$56,203,708
Depot Maintenance	$58,370,956	$76,539,476
Sustaining Engineering	$16,339,784	$14,323,760
Software Maintenance	$92,099,817	$92,101,000
Contract Services	$18,019,775	$18,817,365
Other O&M	$23,298,281	$18,419,299
Total	$562,275,136	$607,065,749

- Civilian Personnel
- DLRs
- Consumables
- AV Fuel
- Depot Maintenance
- Sustaining Engineering
- Software Maintenance
- Contract Services
- Other O&M

U.S. AIR FORCE

New R-TOC Focus
High Cost/High Demand Items



U.S. AIR FORCE

B-1 DLR Cost Drivers AFTOC Data

FY00

B-1 AFTOC Commodities - Top 25 Sorted By MSD Sales

MD	NSN	Sales Qty	MSD Sales	MSD Net	Noun	End Item
B-1	5865012400092	321	$83,846,028	$3,539,508	TRANSMITTER,COUNTER	AN/ALQ-161A B-1B
B-1	5841011507527	391	$36,723,138	$11,066,895	TRANSMITTER,RADAR	AN/APQ-164
B-1	5865012403754	160	$19,377,755	$574,512	TRANSMITTER,COUNTER	B-1B;AN/ALQ-161A
B-1	2840012240974	84	$13,869,032	$11,899,914	ROTOR,COMPRESSOR,AI	ACFT.ENG. F101
B-1	2840014168818	89	$11,175,719	$10,673,440	ROTOR,TURBINE,AIRCR	F101 AIRCRAFT GAS TURBINE ENGINE
B-1	5985011524173	77	$10,267,502	$5,747,977	ANTENNA ASSEMBLY	AS-3607/APQ-164 RADAR; B-1B
B-1	6605012529480	134	$9,854,762	$7,001,122	INERTIAL NAVIGATION	AN/ASQ-184,B-1B AIRCRAFT
B-1	2840014164896	48	$8,884,939	$8,514,733	ROTOR,TURBINE,AIRCR	ACFT ENG F101
B-1	5865012695498	120	$8,794,654	$1,137,999	TRANSMITTER,COUNTER	COUNTERMEASURERS SET;B-1B;AN/ALQ-161
B-1	5895012398983	74	$8,434,680	$1,328,877	FREQUENCY CONTROL G	B-1B;AN/ALQ-161A
B-1	1280012628116	402	$7,940,758	$49,371	COMPUTER,FIRE CONTR	B-1B AIRCRAFT;AN/ASQ-184
B-1	5865013626438	108	$7,587,647	$1,147,718	TRANSMITTER,COUNTER	B-1B; AN/ALQ-161A
B-1	2840014164895	39	$7,219,013	$7,033,910	ROTOR,TURBINE,AIRCR	ACFT ENG F101
B-1	5865012644649	42	$6,240,675	($742,622)	TRANSMITTER,COUNTER	B-1B;AN/ALQ-161
B-1	5960012224198	91	$6,116,984	$5,522,644	ELECTRON TUBE	AN/ALQ-161 B-1B
B-1	2835013432535	65	$6,030,038	$5,503,405	ENGINE,GAS TURBINE	B-1B ACFT
B-1	5865012572789	71	$5,964,387	($678,753)	RECEIVER-TRANSMITTE	AN/ALQ-161;COUNTERMEASURES SET
B-1	5996012400091	134	$5,846,574	$557,006	AMPLIFIER,RADIO FRE	B-1B;AN/ALQ-161A
B-1	6615012768318	379	$5,473,375	$1,633,472	CONTROL,GYROSCOPE,A	B-1B AIRCRAFT
B-1	5865012571341	63	$5,387,302	$203,863	RECEIVER,COUNTERMEA	B-1B;AN/ALQ-161
B-1	5895012581133	57	$4,996,077	$430,393	GENERATOR,REFERENCE	B-1B;AN/ALQ-161A
B-1	1630011549118	190	$4,605,901	($335,262)	BRAKE,MULTIPLE DISK	B-1B AIRCRAFT
B-1	2835011882007	52	$4,429,277	$3,014,214	GEARBOX,ACCESSORY D	B-1B APU
B-1	5865012403755	100	$4,265,996	$1,120,023	AMPLIFIER-OSCILLATO	AN/ALQ-161; B-1B
B-1	5865012562544	77	$4,091,448	($688,771)	RECEIVER,COUNTERMEA	AN/ALQ-161A;B-1B

U.S. AIR FORCE

Senior Leaders Need Better Visibility And Oversight of Aircraft Performance And Costs

- **Decision Makers at HAF, MAJCOMS and within AFMC should**

  have Clear Visibility Of AF Costs and W/S Performance

  - **Information should be Accurate, Current, and Easily Accessible**

- **Single Managers and MAJCOMS should have a “Cost Driver List”**

  for a Particular Weapon System And/Or Activity

SAMPLE WEAPON SYSTEM

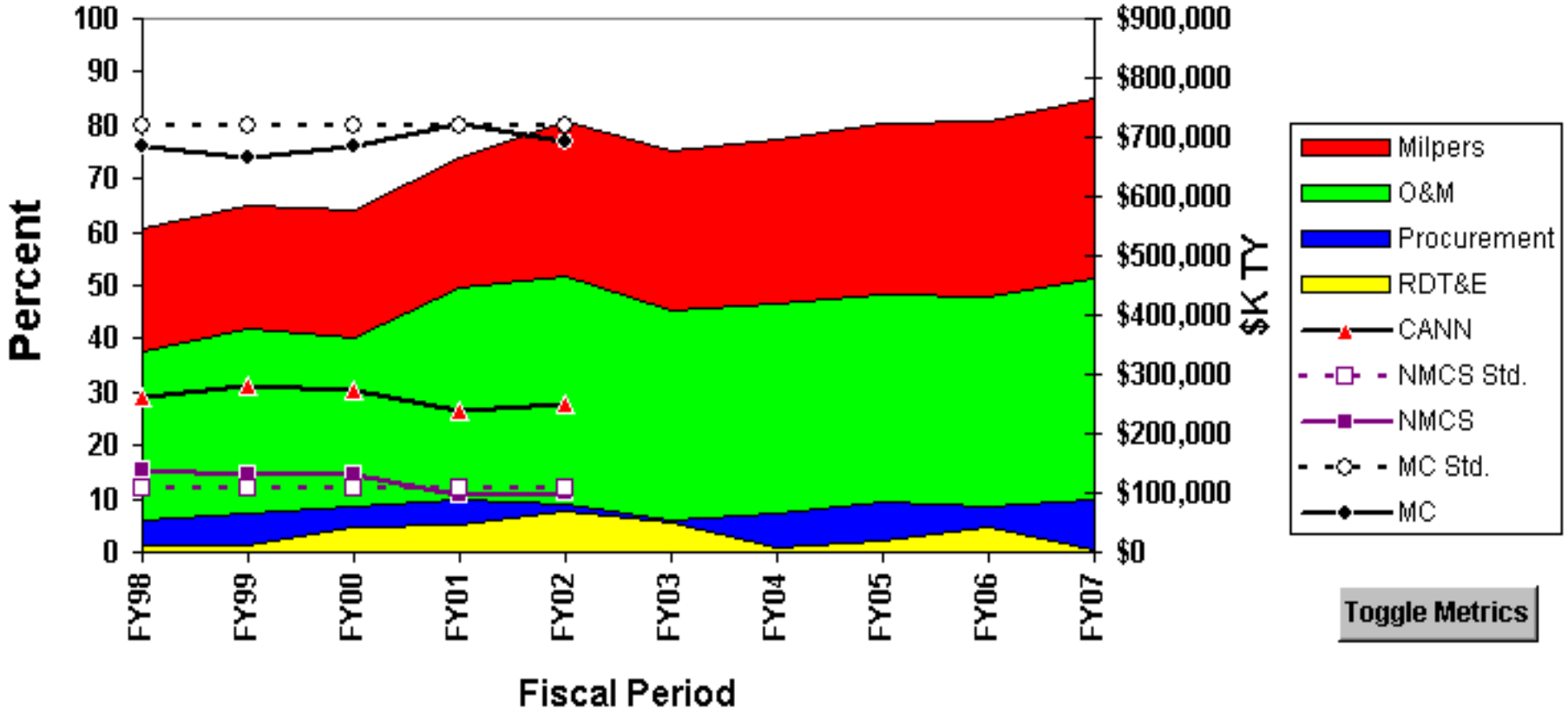
VIEWS

AFTOC Multimetric Tool

About

Cost Summary & Metrics : B-52H

B-52H



Toggle Metrics

$K TY	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
RDT&E	10,492	10,186	41,051	47,848	70,152	48,660	8,592	17,942	42,370	1,988
Procurement	45,217	55,010	34,992	41,021	11,445	6,398	55,211	67,335	33,010	85,765
O&M	284,230	312,119	283,777	355,730	385,145	353,294	353,592	349,793	354,894	372,124
Milpers	206,592	207,821	216,234	221,525	261,322	270,022	279,971	288,276	297,837	307,199

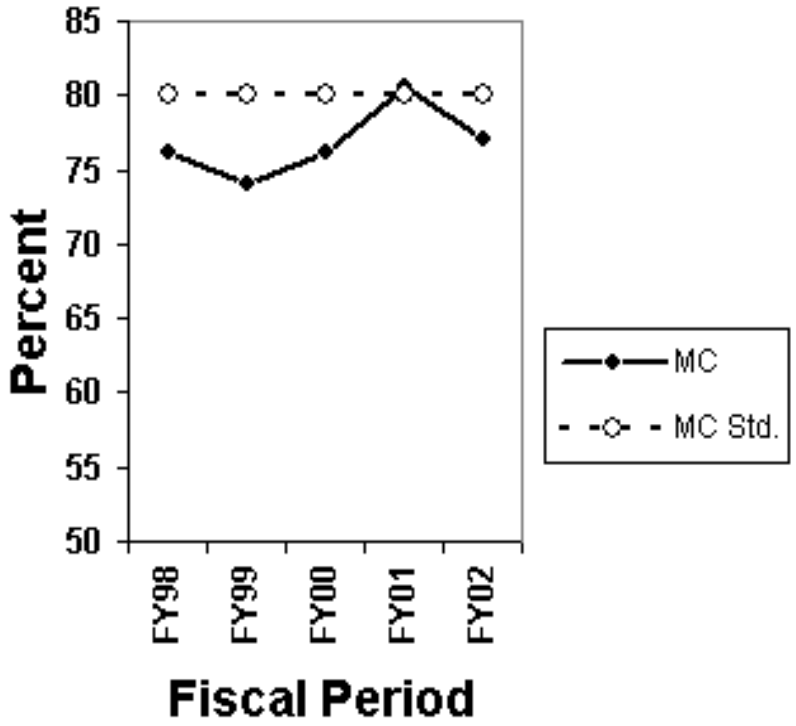
Metrics | CPFH | Obligations | Cost Drivers

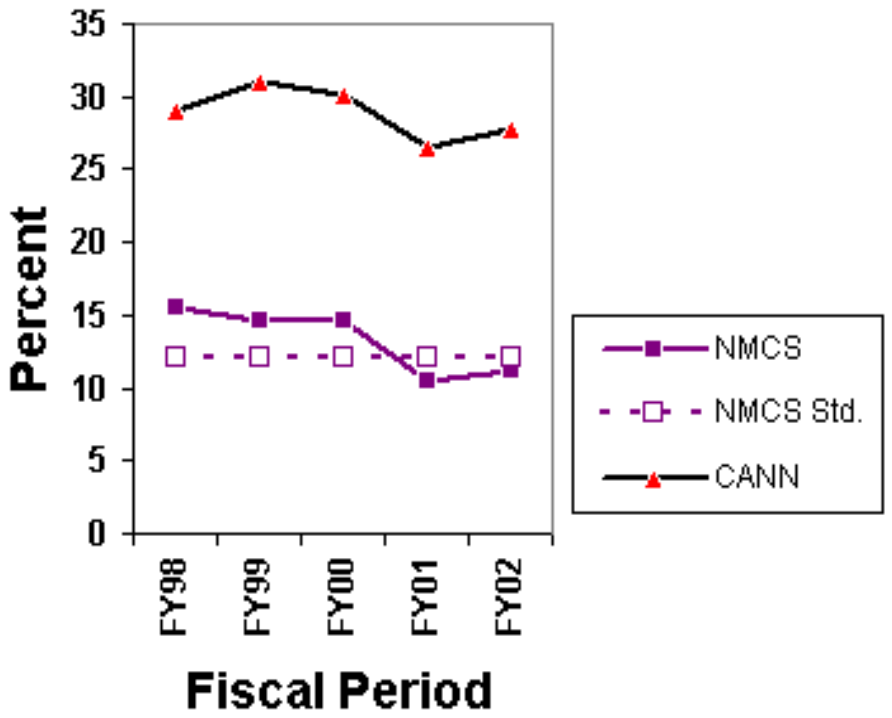
AFTOC Multimetric Tool

About

Metrics : B-52H

B-52H





Percent	FY98	FY99	FY00	FY01	FY02
MC	76.2	74.1	76.2	80.5	77.0
MC Std.	80.0	80.0	80.0	80.0	80.0
NMCS	15.5	14.7	14.6	10.5	11.1
NMCS Std.	12.0	12.0	12.0	12.0	12.0
CANN	29.1	31.1	30.2	26.6	27.8

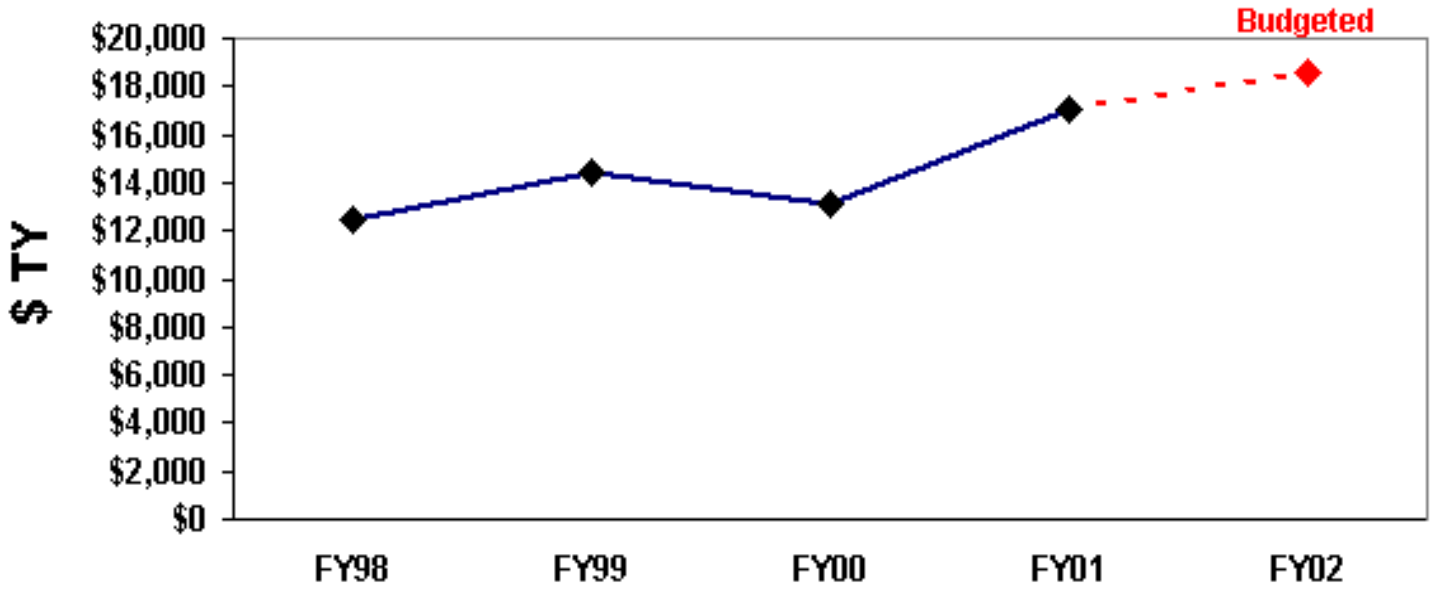
Cost Summary | | CPFH | Obligations | Cost Drivers

AFTOC Multimetric Tool

About

Cost Per Flying Hour : B-52H

B-52H



Fiscal Period

	FY98	FY99	FY00	FY01	FY02 Budgeted
CPFH ($ TY)	12,438	14,420	13,166	17,045	18,556
Flying Hours	22,852	21,645	21,553	20,870	20,756
PAA	57	57	57	57	57
TAI	94	71	94	94	76

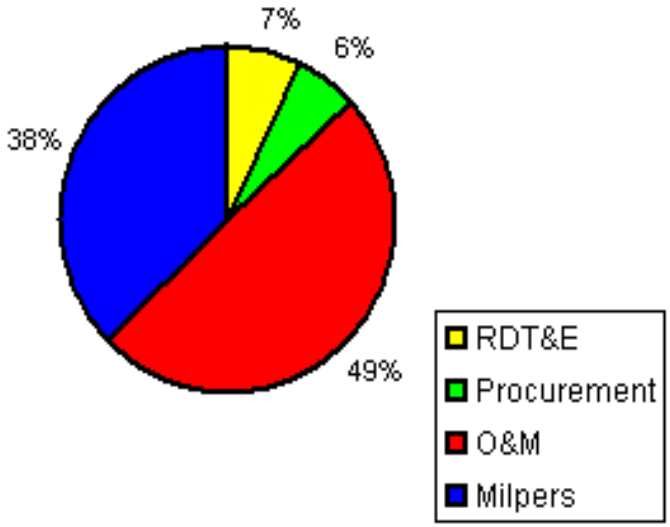
Cost Summary | Metrics | | Obligations | Cost Drivers

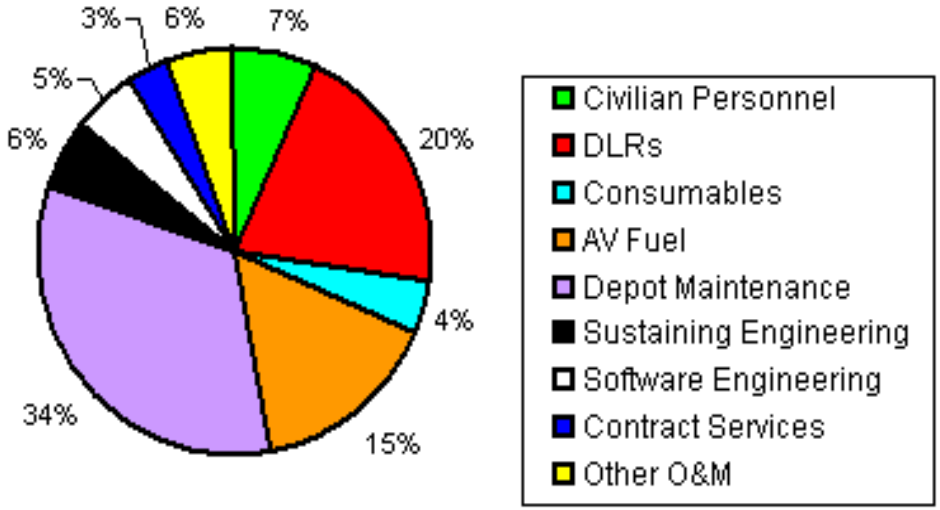
AFTOC Multimetric Tool

About

FY01 Obligations : B-52H

B-52H





B-52H	FY01
RDT&E	$41,050,774
Procurement	$34,992,485
O&M	$283,777,169
Milpers	$216,233,884
Total	$576,054,312

B-52H	FY01
Civilian Personnel	$19,547,029
DLRs	$58,167,479
Consumables	$11,945,966
AV Fuel	$43,551,000
Depot Maintenance	$93,644,295
Sustaining Engineering	$17,025,735
Software Engineering	$14,971,064
Contract Services	$8,998,406
Other O&M	$15,926,194
Total	$283,777,168

Cost Summary | Metrics | CPFH | | Cost Drivers

AFTOC Multimetric Tool

About

FY 01 AFTOC Commodities : B-52H

B-52H

Top 25 Sorted By MSD Sales

MDS	NSN	Sales Qty.	MSD Sales	Noun	End Item
B-52H	5985012902072	93	$6,348,775	ANTENNA CONTROL SUB	AN/ALQ-172(V)2
B-52H	1280014624465	49	$5,937,872	TELEVISION SET,STEE	B-52H
B-52H	5865014525514	185	$5,328,609	CONTROL,COUNTERMEAS	AN/ALQ-172
B-52H	6605011911560	136	$3,612,525	INERTIAL MEASURING	AN/ASN-136A, B-52H, F-117A INS
B-52H	5865012110140	74	$2,933,910	TRANSMITTER,COUNTER	AN/ALQ-172V2
B-52H	1280013983958	33	$2,777,491	SENSOR ASSEMBLY,FLI	AN/AAQ-23, AN/ASQ-151, B-52H
B-52H	5865012556889	79	$2,578,680	TRANSMITTER,COUNTER	AN/ALQ-172(V)
B-52H	1280012283930	64	$2,280,698	RECEIVER-TRANSMITTE	B-52G/H ACFT
B-52H	1630013154062	184	$1,919,907	BRAKE,SEGMENTED ROT	B-52 AIRCRAFT
B-52H	5865014186988	133	$1,880,964	RECEIVER,COUNTERMEA	AN/ALQ-172
B-52H	1630012286043	485	$1,583,525	WHEEL,LANDING GEAR	B-52 AIRCRAFT
B-52H	5895012919918	70	$1,391,327	CONVERTER,SIGNAL DA	AN/ALQ-172(V)2
B-52H	1650000792295	83	$971,415	DRIVE,CONSTANT SPEE	C-135 SERIES
B-52H	1560008569394	31	$939,423	COWLING	B-52
B-52H	1620001398473	21	$936,916	LANDING GEAR,RETRAC	NOT AVAILABLE IN FEDLOG
B-52H	1560008569395	38	$903,429	COWLING	B-52
B-52H	5865012348472	170	$869,856	RECEIVER-TRANSMITTE	AN/ALQ-155
B-52H	5865012365734	181	$867,908	RECEIVER-TRANSMITTE	AN/ALQ-155
B-52H	5865010876670	55	$827,013	PROCESSOR,COUNTERME	AN/ALQ-153V
B-52H	5865008237745	128	$823,201	EJECTOR SET,FLARE	AN/ALE-24
B-52H	5865010887202	12	$718,662	RECEIVER-TRANSMITTE	AN/ALQ-153V
B-52H	6625012857176	12	$713,509	GENERATOR,SIGNAL	AN/USM-464,4920-01-128-0375,TEST SET
B-52H	1560007980903	17	$712,069	COWLING	NOT AVAILABLE IN FEDLOG
B-52H	5865011521792	110	$708,764	TRANSMITTER,COUNTER	AN/ALQ-117/172
B-52H	6615011072571	71	$678,833	GYROSCOPE,DISPLACEM	NOT AVAILABLE IN FEDLOG

Cost Summary | Metrics | CPFH | Obligations